

FISCAL NOTE

HB 151 – SB 357

February 14, 2007

SUMMARY OF BILL: Exempts the sale, lease, or rental of multi-fuel pellet stoves designed to burn agricultural field corn from state and local sales tax, effective July 1, 2007.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds \$200,000

Decrease Local Govt. Revenues – Exceeds \$70,000

Assumptions:

- Based on sales data gathered from three internet sources, the average price of a corn pellet stove is approximately \$1,600 each.
- According to the Department of Revenue, Tennessee sales of multi-fuel pellet stoves are estimated to be 2,000 units in FY07-08.
- Total taxable sales are estimated to be \$3,200,000 (2,000 units X \$1,600 price = \$3,200,000).
- Current state sales tax rate is 7.0%.
- The decrease to state revenues is estimated to exceed \$200,000 per year (\$3,200,000 taxable sales X 7.0% state rate = \$224,000).
- The local option sales tax rate is estimated to average 2.25%.
- The decrease to local government revenues is estimated to exceed \$70,000 per year (\$3,200,000 taxable sales X 2.25% local rate = \$72,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director